

**State Employee Benefits Committee
Tatnall Building, Room 112
Dover, Delaware 19904**

The State Employee Benefits Committee met December 16, 2016. The following people were in attendance:

Committee Members:

Brian Maxwell, Director, OMB
Wendy Brown, Designee of DHSS
Tom Cook, Secretary of Finance
Geoff Klopp, COAD
Omar Masood, Designee of Treasurer
Mike Morton, Controller General
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts

Guests:

Brenda Lakeman, Director, SBO
Faith Rentz, Deputy Director, SBO
Lisa Porter, SBO
Jennifer Bredemeier, Univ of DE
Alexis Bryan-Dorsey, OMB
Susan Buell, Cigna
Rebecca Byrd, The Byrd Group
Lisa Callaway, Pension Office
Lisa Carmean, City of Milford
Cindy Diaz, PHRST
Laurene Eheman, SBO
Darcell Griffith, Univ of DE

Guests (continued):

Debbie Hamilton, Cozen O'Connor
Kim Hawkins, City of Dover
Leighann Hinkle, SBO
Mike Jackson, CGO
Andrew Kerber, DOJ
Casey Oravez, OMB, Financial Ops
Kimberly Reinagel-Nietubicz, CGO
Paula Roy, Roy Assoc/DCSN
Christine Schultz, Parkowski, Guerke & Swayze
Jim Testerman, DESA-R
Drew Wilson, MSD

Sheri Sack, Aflac
Mike North, Aetna
Tim Constantino, Highmark
Jennifer Mossman, Highmark
Pam Price, Highmark
Walt Mateja, Truven Consulting
Kevin Fyock, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Rebecca Warnken, Willis Towers Watson

Introductions/Sign In

Director Maxwell called the meeting to order at 2:07 p.m. Anyone who had public comment was invited to sign up and any others wishing to comment would be given the opportunity at the end of the meeting. Introductions were made.

Approval of Minutes - handout

Director Maxwell entertained a motion to approve the minutes from the December 5th SEBC meeting. Controller General Morton made the motion and Secretary Cook seconded the motion and the motion carried.

Director's Report – Brenda Lakeman

Consumerism Course Updates: The training course has a targeted completion date of December 26th and currently has a 56% completion rate. SBO continues to receive good feedback and plans an updated course in the fall of 2017.

Group Health Program Strategic Planning Discussion – handout – Willis Towers Watson (WTW)

The only change to this handout which has already been shared is on slide 11 regarding the last two core concepts. Healthy lifestyles would be measured with a risk score; a higher score indicates a sicker population. For the Engaged consumers, the metric is to see reductions in Emergency Room use.

Director Maxwell announced the committee will move into Executive Session and return to public session where guests may reconvene. The Director entertained a motion to move into Executive Session. Mr. Klopp made the motion and Ms. Nestlerode seconded the motion. Motion carried and the Committee entered into Executive Session at 2:14 pm; returning to public session at 3:00 pm.

Group Health Insurance Medical TPA RFP – Summary of Competitive Bids – handout – Willis Towers Watson (WTW)

The Willis Towers Watson (WTW) team presented the Summary of Competitive Bids for the Medical TPA Request for Proposal (handout). An overview of the RFP process with summary of vendor bidders, evaluation and scoring was presented. The Executive Summary with key findings, funding arrangements and alternative provider contracting arrangements was presented.

The Director then read a Statement from the State Employee Benefits Committee regarding the Contract Award of Medical Benefit Administrative Services for the State Group Health Insurance Program.

The State of Delaware is committed to managing the total cost of care for both the Group Health Insurance Program (GHIP) and its participants while driving improvements in the health of the GHIP population. Employee and retiree healthcare was the largest cost driver in the State Operating Budget for FY16. If the GHIP cost continues to trend as it has over time, this cost will outpace the growth rate of the State's revenue in the future. The SEBC has determined that stronger action is necessary to drive the level of change needed to mitigate total cost of care and produce longer term improvements in the GHIP population's health. The SEBC, working in conjunction with our new consultant, has formalized this commitment as a mission statement and has established goals, strategies and tactics to uphold that commitment, of which this Request for Proposal (RFP) process and subsequent recommendation is a part.

The recommendation for award to be voted on by the SEBC is the culmination of well over seven months of planning, education, discussion and determination. Additional SEBC meetings were held in June and July to focus on working with the SEBC and our new consultant to develop an RFP that capitalized on initiatives in progress as well as considered initiatives on the horizon. With input and a collective resolve to gain all information needed to make a decision on the future of the GHIP plan offerings and vendors, a comprehensive RFP was released on August 15, 2016. This 300+ page document included background information as follows which set the stage for bidders:

"The State would like to take bolder actions that focus on mitigating the total cost of care for both the GHIP and its participants while driving improvements in the health of the GHIP population. Therefore, the third party medical claims administrator (TPA) must be able to provide innovative cost containment features, including but not limited to centers of excellence, accountable care organizations and advanced primary care, to mitigate the high growth rates in GHIP expenditures over the last several years. In addition, the TPA must also have robust quality management processes in place to ensure that the providers participating in any cost containment program must meet strict quality guidelines. It will be favorable if firms can provide meaningful trend and cost guarantees with their proposal.

As the SEBC is looking for a TPA that can drive meaningful changes in the health and the cost of GHIP participants, requiring targeted interventions and care delivery strategies that are materially different from traditional health management programs and fee-for-service pricing offered by most TPAs, this RFP represents a significant departure from the requested scope of services covered in the last procurement of a TPA for the GHIP in 2011."

This RFP attracted four bidders with a variety of strategies presented. With four meetings of the Proposal Review Committee (PRC) focused on understanding the scope of the bid, health care terminology, industry landscape and the responses of the bidders prior to the actual scoring meeting, the PRC presented a thoughtful recommendation for award to the SEBC.

Ms. Rentz read the motions from within the statement to be voted after public comments and included herein under **Motions**.

Public Comments

None

Other Business

None

Motions

The Director entertained a motion to approve the Strategic Plan as outlined in the framework for the health care marketplace (S13), the multi-year framework (S14), and the calendar of GHIP tactics (S15 and S16). Secretary Cook made the motion, Mr. Klopp seconded the motion and the motion carried. Ms. Nestlerode shared comments to this motion: The Judicial Branch is supportive of the Strategies document as we understand it is a living document and new strategies may be added at any time. In addition, we hope that we can continue to refine the Strategies document by prioritizing and ranking the strategies that would be most cost-effective and best improve services. We could then focus on implementing the identified highest priority strategies first.

Director Maxwell entertained a motion to approve the following recommendations:

1. RESOLVED that with respect to the award of contracts pursuant to the Request for Proposal (RFP) for Medical Benefit Administrative Services for the State Group Health Insurance Program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:
 - A. Highmark Delaware, Aetna, United Healthcare, and Cigna are qualified and eligible for consideration for the award of a contract for alternate plan designs during the term of this contract subject to the vendor meeting all minimum requirements, including technology and data security, at the time of the subsequent award.
 - B. Award contract to Highmark Delaware effective July 1, 2017 with an initial term of three years with two one-year optional renewals subject to finalized contract for administration of the following health plans on a self-insured basis:
 - First State Basic Plan;
 - Comprehensive PPO Plan;
 - Special Medicfill (Medicare Supplement Plan); and
 - Point of Service (POS) Plan (for Delaware Port Corporation employees only).
 - C. Contract award to Aetna effective July 1, 2017 with an initial term of three years with two one-year optional renewals subject to finalized contract for administration of the following health plans on a self-insured basis:
 - Consumer Directed Health Plan with HRA; and
 - HMO Plan with Alternative Innovative Model (AIM)
2. In addition the Proposal Review Committee recommends the following future actions:
 - 1 Consider implementing a CDHP with an HSA plan design for 7/1/18.
 - 2 Pursue eliminating the First State Basic plan via legislation for 7/1/18.
 - 3 Incentivize members to engage with high performance network providers through lower out of pocket costs.
 - 4 Incentivize overall health and wellness by encouraging healthy lifestyle choices within the confines of the law. For example, an incentive for obtaining the free annual physical and health assessment.
 - 5 Implement an active enrollment process for 7/1/17 to promote consumerism.
 - 6 Implementation of steerage to Centers of Excellence through plan designs.

Controller General Morton made the motion to approve #1 A, B & C and Ms. Brown seconded the motion; Ms. Nestlerode made a motion to modify the original motion by removing “with Alternative Innovative Model (AIM)” from #1C – there was no second to this motion. Mr. Masood made a motion to modify the original motion by amending #1B to add “Consumer Directed Health Plan with HRA” – there was no second to this motion. Original motion to approve #1 A, B and C was approved by all SEBC members except Ms. Nestlerode who abstained from voting. Motion carried.

Ms. Brown made the motion to approve #2 and Controller General Morton seconded the motion. Ms. Nestlerode made a motion to modify the original motion by adding “Pursue eliminating Double State Share by July 1, 2017”. Controller General Morton seconded this revised motion. Revised motion to approve #2 with the addition of “Purse eliminating Double State Share by July 1, 2017” was approved by all SEBC members except Mr. Klopp who opposed the Motion. Motion carried.

The Director then requested a motion to adjourn the meeting. Mr. Masood made the motion and Secretary Cook seconded the motion. Meeting was adjourned at 3:24 pm.

Respectfully submitted,

Lisa Porter
Statewide Benefits Office